



SEP 17 1976

OMB Declassification/Release Instructions on File

Honorable George Bush
Director of Central Intelligence
Washington, D.C. 20505

Dear George:

I am responding to your letters of May 25, June 2, and July 22, 1976, requesting, respectively, (1) an increase in your Executive Pay position ceiling and a modification in your Executive Pay position structure and (2) legislative clearance to create a statutory Executive Level III position of Deputy Director of Central Intelligence for the Intelligence Community, and (3) a separate and increased allowance for IC Staff supergrade positions.

There is no objection to the proposed legislation for a second deputy. Minor modifications have been worked out with your staff.

With regard to your request for executive level positions, I have approved an increase of [redacted] level III and [redacted] level IV's, offset by a decrease of [redacted] level V's. I have also approved a total of [redacted] supergrade positions.

These approvals are subject to a number of conditions. First, I understand that appropriations for 1977 are inadequate to cover your proposed manning and position structure. Insofar as a supplemental appropriation is required, these decisions are contingent upon its approval. Second, the IC Staff size and composition, like those of all agencies, will be examined in the course of the 1978 budget review, and any levels or positions approved now are subject to change during that review. Third, I understand that, as a general rule, the supergrade positions will not be filled by detailees. That is,

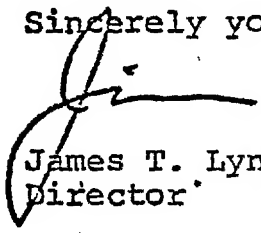
CLASSIFIED BY James T. Lynn
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SCHEDULE OF EXECUTIVE ORDER 11652
EXEMPTION CATEGORY 5B(2)
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CONFIDENTIAL

the positions will be allocated to the IC Staff, and the funds will be included in the IC Staff budget. Fourth, I understand that the IC Staff will be conducting a detailed review of the supergrade and executive level positions throughout the Intelligence Community to be completed by June 1977. I would hope that this review will result in reductions in the Community as a whole - and certainly in sufficient reductions to offset the increases I am approving for the IC Staff.

Finally, I want to assure you of my continuing support for the successful accomplishment of the mission assigned to the IC Staff and the Committee on Foreign Intelligence.

Sincerely yours,



James T. Lynn
Director

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- (3) Provide in chronological order the events that established the supergrade structure for the CIA, beginning with the CIA Act of 1949. Address in detail the Classification Act of 1949, which granted specific statutory exemption for CIA.

A. Chronological Order of Events Which Established CIA Super-grade Structure.

See attached chronology of supergrade ceiling allocations.

B. Authority to Create Supergrade Positions.

Although the Agency was specifically exempted from the provisions of the Classification Act of 1949, the DCI at that time, Admiral Hillenkoetter, affirmed the Agency's intent to adopt the grade structure and pay scales therein and adhere to the basic principles and philosophy of the act regarding position classification. This policy was stated in Administrative Instruction [REDACTED] dated 2 November 1949, and reaffirmed in a directive from the A/DCI dated 8 October 1962, which stated:

25X1A

"1. This memorandum will serve to reaffirm the existing policy that the Agency...will adhere to the compensation schedules and other provisions of the Classification Act of 1949, as amended, and as it may be amended hereafter, for all staff personnel of the Agency..."

25X1A

This policy continues in effect today as reflected in HR [REDACTED]

The Classification Act of 1949 provided for a limited number of positions at the supergrade level (GS-16, 17 and 18). Admiral Hillenkoetter wrote to the Comptroller General in November 1949, noting the Agency's exemption under the Classification Act, and requesting an opinion as to whether or not the CIA could establish certain positions at the supergrade levels. The Comptroller General citing Sections 9 and 10 of the CIA Act of 1949 stated there would be no legal objection to the establishment of supergrade positions in the CIA "without regard to the limitations contained in Section 505 of the Classification Act of 1949".

The CIA Act of 1949 did limit to not more than three the establishment of positions in the professional and scientific field which could be compensated at equivalent supergrade salaries. This provision, Section 9 of the CIA Act, was repealed in 1954 by Section 601 of P.L. 83-763.

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CHRONOLOGY OF CHANGES
IN AGENCY SUPERGRADE CEILING

Ceiling

Documentation

Memo from DCI to D/OMB in which [REDACTED] supergrade positions were transferred from the Agency to the IC Staff, dtd 22 July 1976 25X9

Letters: from DCI to C/IPD/OMB requesting increase of [REDACTED] supergrade positions, dtd 15 August 1972 25X9

from C/IPD/OMB to DCI approving the increase, dtd 26 September 1972

Memo from D/IPD/BOB to the DDS, dtd 30 July 1969

Memo for the Record of conversation between D/IPD/BOB and Director/Office of Plans, Programs and Budgeting, dtd 3 January 1967

Memo from DCI to D/BOB, dtd 4 April 1966

Letters: from AD/CIA to D/BOB, dtd 25 August 1962

from DDS to C/ID/BOB, dtd 30 October 1962

Letter from DCI to D/BOB, dtd 14 May 1959

Memo for Chairman. Supergrade Review Board dtd 16 March 1956. refers to this super-grade ceiling

Memo for DCI, dtd 8 May 1959, shows this supergrade ceiling having been in effect prior to the increase to [REDACTED] 25X9

Memo dtd 18 November 1949, signed for the DCI with attachment (copy of letter dtd 15 Nov 59 signed by Comptroller General of the United States.)

Admin Instruction [REDACTED] dtd 2 November 1949 signed by the Executive 25X1A